

Neighborhood Assistance Program Policy Statement

Introduction and Description

The Neighborhood Assistance Program (NAP) offers \$2.5 million in tax credits annually for distribution by not-for-profit corporations to build public-private partnerships for neighborhood-based programs and projects in economically disadvantaged areas. The program is designed to benefit targeted populations in socioeconomic distress within these areas. Successful utilization of the Neighborhood Assistance Program requires marketing and fundraising abilities on the part of the grantee.

Benefits of NAP:

- NAP tax credits offer an organization a unique fundraising tool
- Organizations leverage greater contributions
- Contributors to NAP projects receive a credit against their state income tax liability

(This program is established by IC 6-3.1-9, "Neighborhood Assistance Credits" and regulated by 55IAC 1 and 45 IAC 3.1)

Applicant Eligibility

Applicants must meet the following criteria and provide documentation or application will fail threshold:

- Tax-exempt, 501(c)3 authorization from the Internal Revenue Service
- A not-for-profit ruling from the Indiana Department of Revenue (Form IT-35E or NFP-1)
- Good standing with the Indiana Secretary of State
- Submit a letter of intent by **5:00pm, January 16, 2004**
- **Including ineligible line items in the NAP budget will cause application to fail threshold**
- **Applicants may submit only one request for NAP credits per state fiscal year. Only one applicant organization per application (no co-applicants)**
- **Applicant must sign the Terms and Conditions page of the application**
- **Applicant must submit copy of by-laws or articles of incorporation with application**

Limitations and Use of Tax Credits

NAP tax credits may only be applied against Indiana income tax liability. Credits must be claimed for the taxable year of the contribution. Tax credits must be equal to 50% of the contribution (\$100 minimum contribution=\$50 tax credit; \$50,000 maximum contribution=\$25,000 tax credit).

Organizations may not accept donations for NAP credits prior to attendance at a mandatory workshop by the Department of Commerce.

NAP leveraged funds must be spent within the awarded fiscal year.

In-kind donations are acceptable but limited to the following:

- May not exceed 25% of the total cost of the NAP program/project
- Require substantiating documentation
- Building materials must be valued at the cost of materials to the donor
- Land will be valued by the grantee and may include vacant lots and buildings (which may be homes or facilities). Land improvements thereon must be donated together with substantiating documentation for donation records (subject to accepted IRS standards and review by the Indiana Department of Revenue)

Distribution

Grantees are expected to distribute one-half of allocated funds by January 7, 2005 and required to distribute all credits by June 1, 2005.

Should a project not proceed according to this schedule, the Indiana Department of Commerce reserves the right to de-allocate unused tax credits and reallocate them to other organizations during the funding cycle.

The IDOC reserves the right to make line item reductions, conditional awards and to set the policies and priorities for the Neighborhood Assistance Program. Past performance with NAP may be a factor in determining awards.

December 2003

Project/Program Eligibility

The following types of programs/projects are eligible for NAP tax credits. Each category has unique factors that contribute to its competitiveness. In the application, each category includes questions to be addressed with narrative and supported with documentation.

NAP tax credits shall be used to pay for salaries to administer programs or to pay for **basic** construction materials costs. For facility or home renovation projects, applicants must provide documentation of ownership or occupancy to be eligible (deed or lease agreement). Documentation of land ownership (deed) must be included for new construction projects.

Including ineligible line items in the NAP budget will cause application to fail threshold.

If a program/project lies within the boundaries of an established Urban Enterprise Zone or Main Street Program Area, a letter of endorsement from the Urban Enterprise Association/Main Street director or board president must be included.

- Low-to-Moderate Income Housing Projects: Proposals for construction or rehabilitation of homes or buildings for occupancy by low and moderate-income families must state the number of units to be completed.
- Counseling Services, Daycare, Emergency Assistance, Housing Facilities, Job Training, Medical Care, and Recreational Facilities for the Economically Disadvantaged: Proposals for provision of such services must be targeted within an eligible neighborhood or area and must provide services exclusively/primarily to economically disadvantaged persons residing within that area. Neighborhoods or other areas targeted for the program must be identified on the required map of the NAP application.
- Downtown Rehabilitation and Neighborhood Commercial Revitalization: Proposals involving construction, rehabilitation or renovation of commercial buildings or certain public improvements assisting economic development in economically disadvantaged areas are eligible.

Funds leveraged with NAP credits are eligible sources of match and/or leverage for HOME and CDBG funds administered by the Indiana Housing Finance Authority (IHFA). Awards made from IHFA must be secured before using NAP for matching funds, and proposed programs/projects must fall within NAP guidelines for leveraged dollars to match IHFA projects.

Awards/Program Administration

All applicants will be contacted by the Indiana Department of Commerce regarding award or denial of credits. Tax credit forms and other administrative paperwork will be forwarded with an assigned program number. A NAP administration workshop will follow award announcements. Attendance is mandatory for all NAP grantees.

Quarterly reporting to the IDOC will be required to verify revenue and tax credit balances. Failure to submit reports in a timely manner will be noted. IDOC reserves the right to request an audit of expenses related to the NAP program/project at any time with proper notification.

Confidentiality of Information

To the extent permissible by law, IDOC will honor an applicant's request that information submitted to IDOC remain confidential. IDOC will treat the information as confidential if:

- The information is in fact protected, confidential commercial or financial information
- The information is specifically marked and identified as confidential
- The information is segregated and placed in a separate appendix to the application
- Law or judicial order requires no disclosure of the information

Questions regarding these policies should be directed to the Community Development Division by calling (317) 232-8911 in the Indianapolis area, (800) 824-2476 elsewhere in Indiana, via TDD at (317) 233-5977 or write:

**Indiana Department of Commerce
Community Development Division
Neighborhood Assistance Program
One North Capitol, Suite 600
Indianapolis, IN 46204-2288**